Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2021

PURCHASE

ACTIVITY:

5 – Financing of Small Multifamily Rental Properties: Regulatory Activity

OBJECTIVE:

D – Purchase/Guarantee Seasoned Small Balance Loans from Small Financial Institutions

SUMMARY OF RESULTS:

	UPB			***Transactions***
Baseline (2017-2019)	$685 MM			*2*
2021 Target (lesser of)	$200 MM			*N/A*
2021 Volume	$244MM			*1*
Incomes Targeted	*VLI units*	*LI units*	*MI units*	
	307	*716*	*904*	

In 2021, Freddie Mac exceeded our target for the purchase/guarantee of seasoned small balance loans from Small Financial Institutions (SFIs) by 22% in UPB.

Freddie Mac completed a transaction with First Foundation, a DTS-qualifying SFI, for $419.4 MM across 2,354 units and 93 properties. From this deal, 71 properties and 1,351 units were DTS-qualifying. While not all the volume with SFIs was DTS-qualifying properties or units, all of the liquidity is highly impactful because it provided substantial balance sheet relief to these SFIs and allowed them to continue to lend in support of affordable housing.

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the year.

- ☒ Objective met
- ☐ Objective exceeded
- ☐ Objective partially completed:
  - ☐ 75-99% (substantial amount)
  - ☐ 50-74% (limited amount)
  - ☐ 25-49% (minimal amount)
  - ☐ 1-24% (less than a minimal amount)

☐ No milestones achieved

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

☐ 50 – Substantial Impact
☒ 40
☐ 30 – Meaningful Impact
☐ 20
☐ 10 – Minimal Impact
☐ 0 – No Impact

IMPACT EXPLANATION:

Answer the following questions.

1. How and to what extent were actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

   There are four primary direct and substantial impacts resulting from our purchases over the course of our Duty to Serve activities: (1) we provided balance sheet relief, allowing institutions to increase their lending; (2) we served different segments of the market with institutions of different sizes and types; (3) we served a substantial number of very low, low, and moderate income households, and (4) we made a profound social and economic impact to underserved populations.

   In 2021, our transaction with First Foundation supported 1,351 DTS qualifying units (100% AMI). 307 of the units were affordable at very low-income levels (50% AMI), and 716 were affordable at 80% AMI. These properties were found across 24 different localities in California in both high opportunity areas and areas of concentrated poverty. 257 DTS qualifying units were in DTS high opportunity areas, with 40 of those units affordable for VLI, 110 affordable for LI, and 144 affordable for MI households. Additionally, 489 units were in areas of concentrated poverty, supporting vital affordable housing, with 128 units in R/ECAPs.

   This institution is a repeat customer, demonstrating that we have built effective relationships and an attractive suite of offerings to meet the needs of SFIs on a regular and repeatable basis; essentially, we have created an effective secondary market for SFIs and CDFIs. We look to continue to leverage this success to support the market in the future.

   Through the last three years, we provided $1.52 B in liquidity and achieved a cumulative impact of 9,368 units of seasoned small balance loans in 5-50 unit properties across 7 transactions.

	Year	Units	Volume	Transactions
	2019	5,505	$835 MM	4
	2020	2,959	$446 MM	2
	2021	904	$244 MM	1
Total		**9,368**	**$1.52 B**	**7**

Our volume is lower in 2021 than in prior years as a result of two market externalities: 1) our requirement, per FHFA, to only purchase/guarantee floating rate loans backed by SOFR, and 2) the COVID-19 pandemic, which led banks to limit their multifamily lending as the focused on managing their existing portfolio. Our volume was also impacted by the limited number of institutions who have an interest in altering their core business model and pursuing transactions with Freddie Mac.

In 2021, we spoke with 12 banks/financial institutions regarding our products in order to identify opportunities for transactions both in 2021 and in future years. This is in addition to the repeat banks, CDFIs, and sponsors we regularly speak with throughout the year. Roughly half the banks we spoke with had floating rate collateral. The limited floating rate collateral is made worse by the mismatch of LIBOR and SOFR loans: Freddie Mac was obligated to switch from LIBOR to SOFR collateral while many lenders had not yet made the switch to SOFR because they were not obligated to do so until January 1, 2022 (with LIBOR rates published until June 30, 2022). This deadline mismatch is magnified by the fact that SFI loans are seasoned for 12 months, meaning the potential for loans we can fund is even further behind in most lenders' transition processes. Our outreach and marketing capabilities, which have always been important because these lenders are outside our Optigo network, were severely hindered due to COVID. Lastly, the Freddie Mac SOFR requirements and calculation are not the only SFOR-based standards in the larger financial market, thus creating additional alignment challenges.

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

Freddie Mac's long history of supporting the SFI market has taught us much about market needs. We continue to evolve our business to address identified needs, especially in light of market disruptions resulting from COVID-19. For much of 2020 banks had more of an inward focus on ensuring that the loans on their balance sheets continued to perform. Our volume has decreased from prior years because this inward focus caused these institutions to lend less. Although lending activities returned to more normal levels in 2021, the impact from reduced 2020 lending activity appeared in Freddie Mac's 2021 volume due to the 12-month seasoning requirement. We therefore presume that lenders' slightly higher lending activity in 2021 will be ready for us to finance in future years.

Our activities this year continued to underscore two core lessons: (a) serving the SFI market requires multiple offerings for different size institutions and transactions, and (b) not all SFIs will find it in their interest to execute seasoned pool transactions. Through our work under DTS, we continue to look for ways to better serve SFIs.

A. SFIs support two segments of the 5-50 property market: unsubsidized properties and properties receiving LIHTC. The offering suited for each organization depends upon their size and business strategy. Our offerings can support SFIs across the spectrum, from CDFIs to depositories in small transactions and large. Our transaction with First Foundation Bank was $419MM ($244MM applied to DTS units in 5-50 unit properties).

B. SFIs may not want to securitize because they value the returns they get from holding their loans in their portfolio. Typically, securitized solutions represent a shift in business model for SFIs. Often these groups prefer to continue with their existing strategy of managing their balance sheet via new originations and payoffs/refinances and receiving interest and servicing income while the loan is outstanding, and they may not see value in a new business model. Changing their business model could involve intensive effort and analysis, both in assessing the types of transaction, and in analyzing accounting treatment and capital retention requirements under different or fluctuating scenarios. Completing these processes and analyses often take considerable time, and SFIs may view their current business models as sufficient to meet their strategic plans. SFIs consider cost of capital to retain loans versus cost to hedge loan pools and securitization deal expenses and the impact to financial reporting based on how assets are reported. This means the market for SFI transactions is limited to a small subset of SFIs.

3. **Optional**: If applicable, why were all components of this objective not completed?

Not applicable.

Attach the data specified for Loan Purchase objectives in Section 3 of this document.